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# Message Text

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53
ACTION EB-07

INFO OCT-01 AF-06 ISO-00 COME-00 CIAE-00 INR-07 NSAE-00

FRB-03 TRSE-00 XMB-02 AID-05 /031 W
---------- 122038
R 191230Z MAR 75
FM AMEMBASSY BLANTYRE
TO AMEMBASSY LONDON
INFO SECSTATE WASHDC 7844

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E.O. 11652: N/A
TAGS: BTRA, MI, US
SUBJ: BANK OF AMERICAN REQUEST FOR INFO ON PAPER PULP PROJECT

REF: LONDON 4159
1. IT IS COMMON KNOWLEDGE TO ALL CONCERNED THAT PRES BANDA HAS INDEED BEEN PUSHING PAPER PULP PROJECT FOR SEVERAL YEARS. IN FACT HE HAS ANNOUNCED TO HIS PEOPLE PLANT WILL BE IN OPERATION BY JULY 6, 1978. WE HAVE NOT SEEN ANY INDICATION OF SLACKENING IN THIS DETERMINATION. HERE THE GAME IS NOT PLAYED ACCORDING TO HOYLE OR SAMUELSON BUT ACCORDING TO BANDA. AS MR. BILLMYER KNOWS, CHASE MANHATTEN IS ACTING AS "FINANCIAL ENGINEER" FOR PROJECT AND FIRST NATIONAL CITY BANK HAS RECENTLY SHOWN SOME INTEREST IN GETTING A PIECE OF THE ACTION.

2. YOU MAY TELL MR BILLMYER WE UNDERSTAND GOM STILL LOOKING FOR ABOUT 15 MILLION DOLLARS AS "BRIDGING FINANCE" IN ORDER TO GET STARTED WITH INFRASTRUCTURE. ACCORDING TO GOM SPOKESMAN, WORLD BANK IS APPARENTLY WILLING TO GIVE SOME SORT OF GUARANTEE OR ASSURANCE BACKING SUCH A LOAN AND HAS INDICATED WILL EVENTUALLY LEND SOME 50 MILLION FOR INFRASTRUCTURE. REGARDING SOME 100 MILLION PLUS NEEDED FOR PLANT, GOM STILL EXPECTS TO TALK WITH IR-ANIAN GOVERNMENT ABOUT POSSIBLE EQUITY INVESTMENT BUT IS LESS OPTIMISTIC NOW THAT NEWS OF USSR-IRANIAN PULP DEAL HAS APPEARED IN PRESS. GOM HAS REPORTEDLY RECEIVED AT LEAST ONE BID OR OFFER FROM AN AMERICAN PAPER COMPANY AND EXPECTS OTHERS.
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3. HERBERT ZASSENHAUS SECONDED FROM IMF TO RESERVE BANK AS ADVISOR AND RECENTLY RETURNED TO U.S. IN RETIREMENT FEELS PROJECT IS BASICALLY SOUND ECONOMICALLY AND THAT GOM FINANCIAL SITUATION AND EXTERNAL DEBT STRUCTURE SUCH THAT MALAWI CAN HANDLE IT IF MONEY CAN BE FOUND. IN OUR LAST TALK WITH GOVERNOR TEMBO WE THOUGHT HE SEEMED SOMEWHAT DISCOURAGED BUT ONLY PRESIDENT BANDA CAN MAKE DECISION HOLD UP ON CURRENT PLANS OR EFFORT AND OF THIS, TO REPEAT, WE HAVE SEEN NO SIGN.

4. WILL LOOK FORWARD TO TALKING WITH BILLMYER NEXT WEEK.
STEVENSON

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